

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 OPIC-12 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 DRC-01

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R 121427Z SEP 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5848

INFO AMEMBASSY QUITO

AMCONGEN GUAYAQUIL

C O N F I D E N T I A L CARACAS 8987

E.O. 11652: GDS

TAGS: ENRG, EINV, EC, VE

SUBJECT: ADA OFFICIAL SUSPICIOUS OF VENEZUELAN CONNECTION

REF: STATE 191436

1. RAFAEL TUDELA IS DEPUTY IN VENEZUELAN CONGRESS AND FDP POLITICAL PARTY REPRESENTATIVE ON PETROLEUM REVERSION COMMITTEE. IN ADDITION, HE IS HIGHLY SUCCESSFUL BUSINESSMAN WHO CONTROLS HIDECA AND TALON PETROLEUM COMPANIES, AND WHO REPORTEDLY MADE OVER \$30 MILLION IN INTERNATIONAL OIL BROKERAGE BUSINESS DURING LAST YEAR.

2. JOSE GREGORIO PAEZ (NOT TAEZ) IS VENEZUELAN PETROLEUM ENGINEER WHO EARLY IN HIS CAREER WORKED AS INSPECTOR AND MINISTRY OF MINES AND HYDROCARBONS, LATER FOR LONG PERIOD WITH MOBIL OIL. PAEZ THEN WORKED FOR VENEZUELAN INTERNATIONAL OIL BROKERAGE FIRM KNOWN AS COPETROLASA, WHICH WAS ACTIVE FOR TWO OR THREE YEARS DURING LATE 60'S. PAEZ THEN RETURNED TO VENEZUELAN GOVERNMENT WITH STATE OIL COMPANY CVP AS DIRECTOR OF PROPOSED LNG PROJECT. BECAUSE HE WAS CLOSELY IDENTIFIED WITH FORMER COPEI PARTY, HE WAS RELIEVED

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FROM HIS POSITION BY CURRENT PEREZ ADMINISTRATION.

3. COPETROLASA WAS ONE OF SEVERAL VENEZUELAN OIL BROKERAGE FIRMS ORGANIZED DURING 1960'S TO TAKE ADVANTAGE OF PETROLEUM LAW LOOPHOLE, WHEREBY SUCH COMPANIES COULD TAKE TITLE TO VENEZUELAN CRUDE OIL FROM PRODUCERS, AS LONG AS THEY DID NOT HOLD CONCESSIONS, AT DOMESTIC PRICE AND SELL IT AT HIGHER INTERNATIONAL PRICE WITHOUT BEING SUBJECT TO TAXES BASED ON ARTIFICALLY HIGHER POSTED PRICE. MOST OF THESE FIRMS WENT OUT OF BUSINESS WHEN LOOPHOLE WAS CLOSED AND SURPLUS PETROLEUM DISAPPEARED DURING CRISIS WITH NOTABLE EXCEPTION OF HIDECA. UNDER TUDELA, HIDECA HAS PROSPERED, PARTICULARLY IN SPAIN WHERE HIS CONTACTS ARE VERY GOOD. AS IS KNOWN, HIDECA RECENTLY BID VERY COMPETITIVELY FOR ECUADORAN PARTICIPATION OIL (PIW, 9/2/74).

4. RAFEL TUDELA IS KNOWN HERE AS AN OPERATOR AND VERY SHREWD. SINCE HE HAS TRADED ON INFLUENCE BEFORE IN INTERNATIONAL MARKET, IT WOULD NOT BE FARFETCHED TO ASSUME THAT HE IS INVOLVED IN SAME GAME IN ECUADOR. EMBASSY CANNOT CONFIRM THAT PAEZ IS WORKING FOR TUDELA AT PRESENT WITHOUT DIRECT INQUIRY, BUT SOURCES CONTACTED HAVE HEARD THAT HE IS. JOHN R. BOYD IS VICE PRESIDENT AND OPERATIONS MANAGE FOR TALON PETROLEUM COMPANY.
FISHER

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Message Attributes

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